https://www.financial-planning.com/news/financial-advisors-nervous-as-stock-market-hits-record

**As stock market flirts with record highs, why are advisors nervous?**
By Rob Burgess
August 18, 2025, 5:30 p.m. EDT

Last week, the Dow Jones Industrial Average briefly touched all-time highs.

So, financial advisors should be elated. Right?

Not so much.

For one, inflation has remained sticky, as shown by the Bureau of Labor Statistics' (BLS) report of 2.7% year-over-year price increase in both June and July.

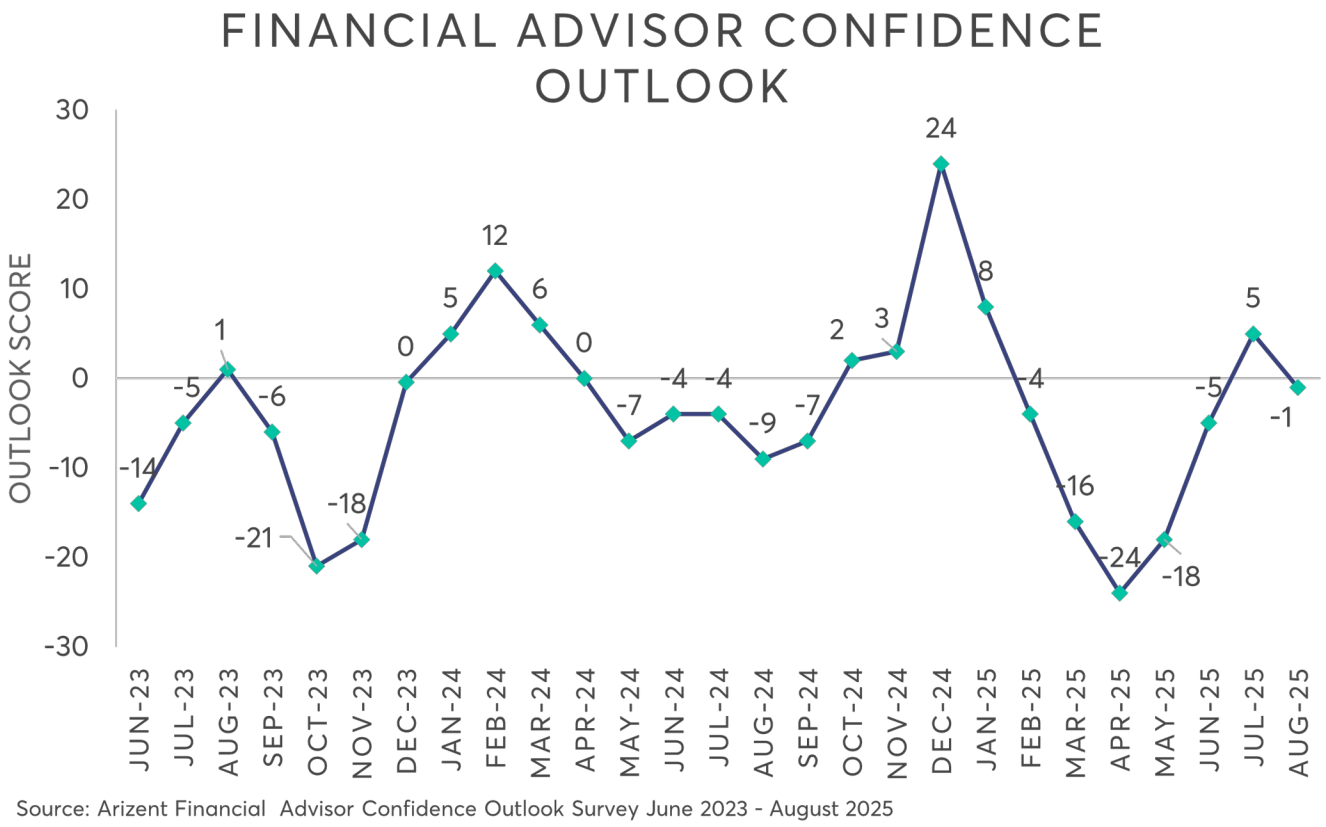
Similarly stagnant was the employment market, which grew in July by only 73,000 new jobs, a figure which has shown little change since April.

Besides stubborn inflation and a tight job market, the effects of President Donald Trump's long-sought tariffs are slowly coming to fruition in various parts of the economy.

All of this is giving advisors and their clients the jitters, despite the rosy veneer. The economy might seem to be on solid footing on the surface, but they are growing concerned that the bottom might soon fall out.

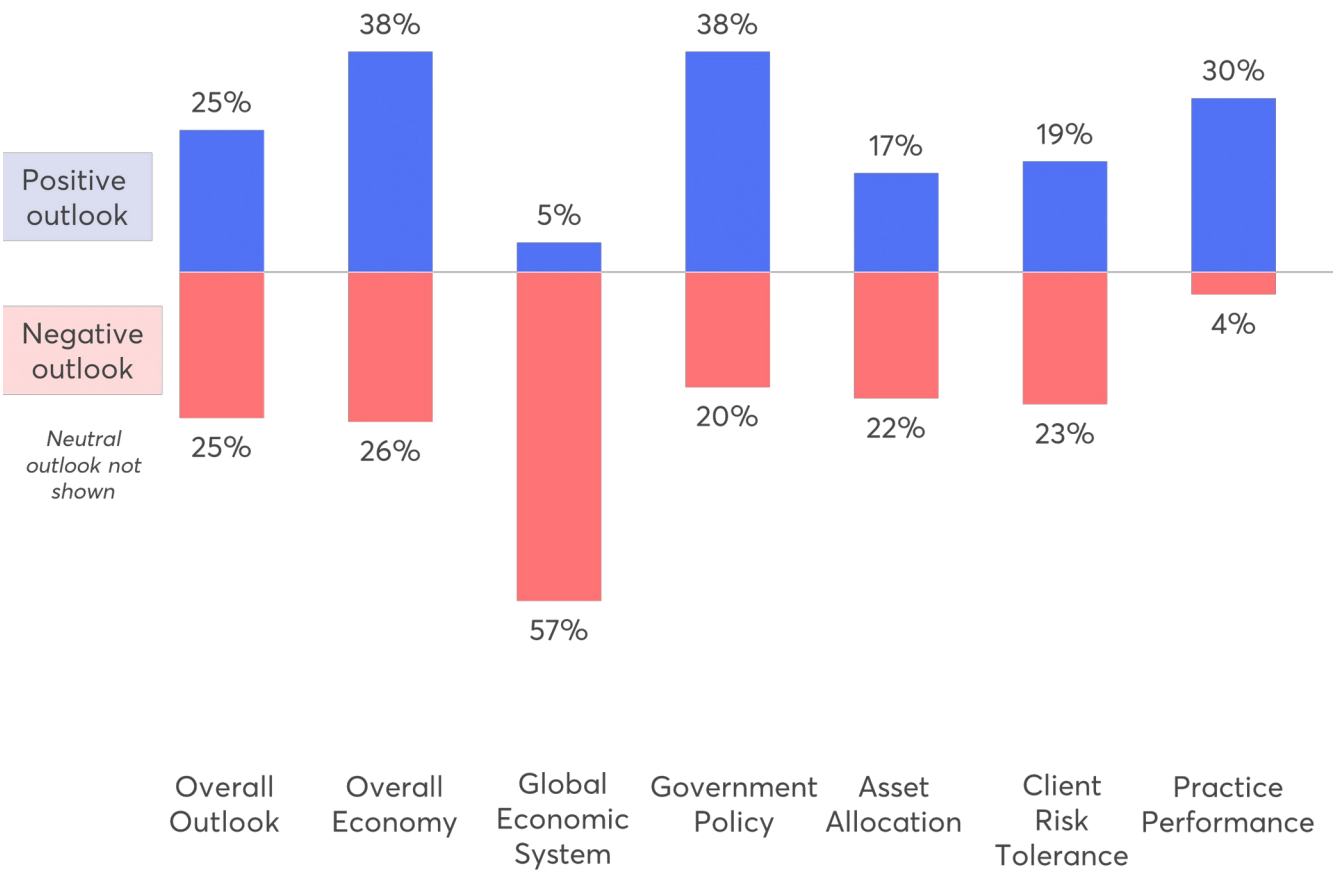
That disconnect — between a thriving market and unexciting or even worrisome economic data — played out in Financial Planning's August Financial Advisor Confidence Outlook (FACO), a survey of financial advisors and planners that measures confidence in the economy and other factors on a scale of minus-100 to 100.

In July, financial advisors' confidence levels were in positive territory for the first time in half a year at 5, but that score fell by 6 points to minus-1 this month.




Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - August 2025

Of the subcategories that made up this score, the sentiment regarding the overall economy experienced the steepest decline. In July, it rose to 28, which was the highest score since January, when it was 43. But by August, that category had tumbled 16 points down to 12.

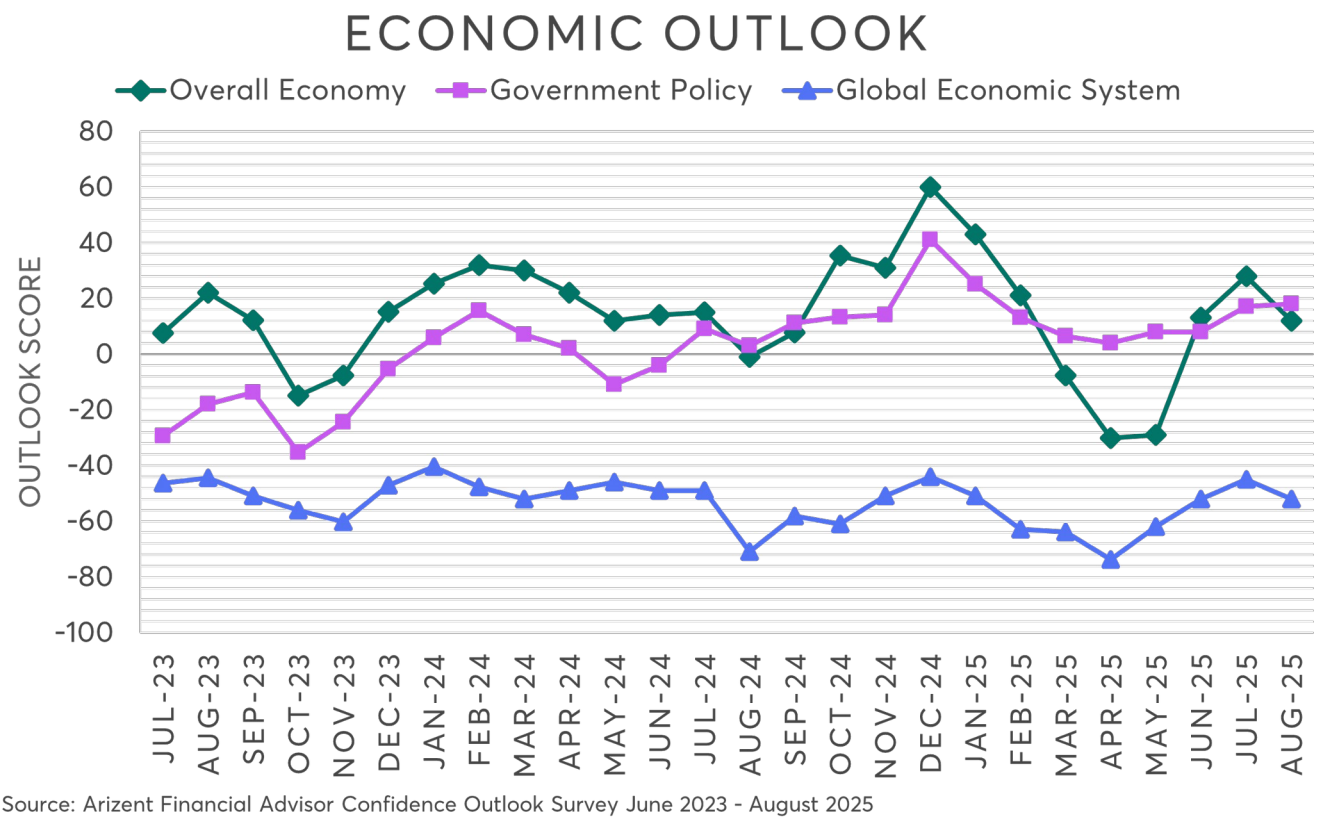



Source: Arizent Financial Advisor Confidence Outlook Survey August 2025
Base: 200 Financial Advisors

Other subcategories experienced similar, but smaller declines.

Faith in the global economic system fell from minus-45 in July to minus-52 in August.

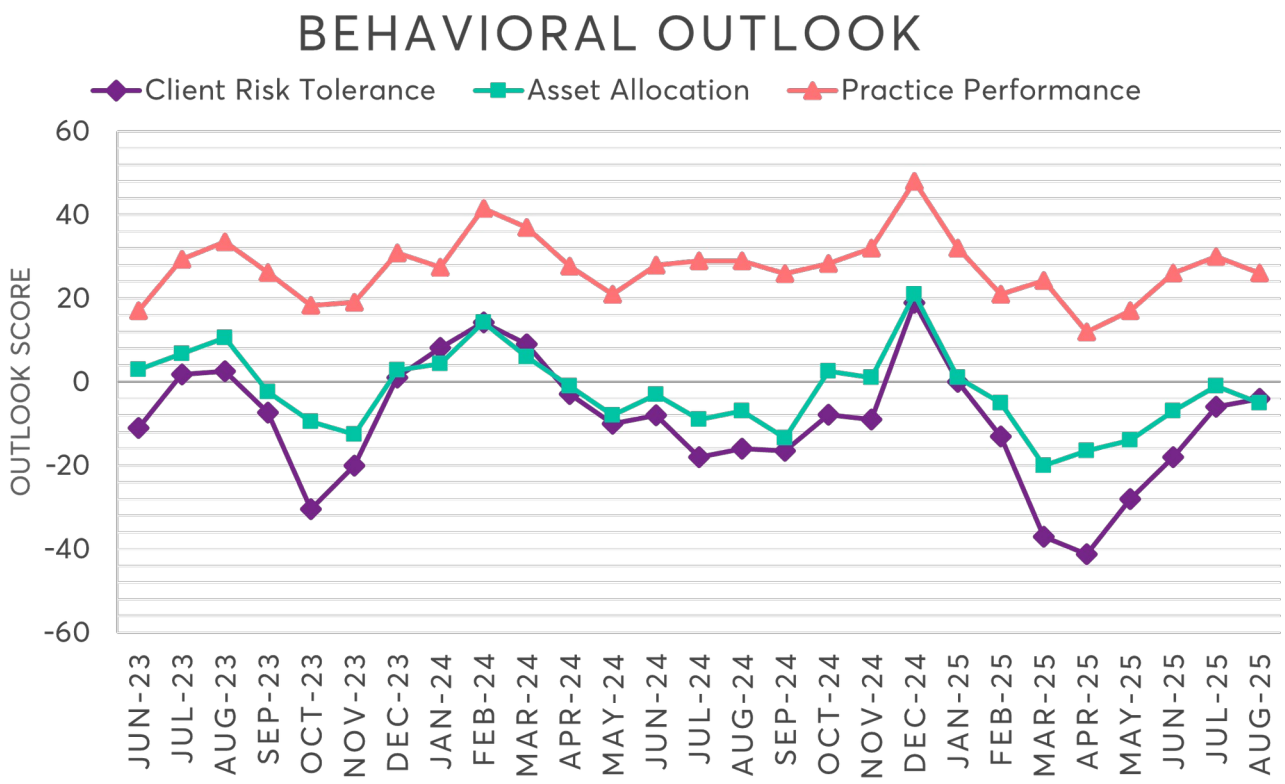
Feelings around government policy went from 25 in July to 18 in August. Asset allocation confidence fell from minus-1 in July to minus-5 in August.




Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - August 2025

Practice performance slipped from 30 in July to 26 in August.

The only category which showed any improvement month-to-month was client risk tolerance which ticked up slightly from minus-6 in July to minus-4 in August.



Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - August 2025

**A disconnect between the stock market and the larger economy**
Homer Smith, CEO at Konvergent Wealth Partners in Gig Harbor, Washington, is seeing how that disconnect is playing out with clients. Smith primarily works with private business owners, andhe said the current situation "is a mix of successes and struggles."

"We have many clients that have had many issues related to the uncertainty with the tariffs that have slowed down purchases by their larger customers, as well as delaying transactions for business owners looking to sell," he said.

At the same time, Smith said he also has clients in certain industries that are booming based on technology shifts and infrastructure needs.

"What I am hearing, however, is that most of these businesses are not hiring new employees right now but rather using technology to get more efficient and productive," he said.

Outside of the so-called "Magnificent Seven," earnings are not growing meaningfully. The stock market and the economy are diverging quite a bit right now, said Smith.

"I don't believe we have seen the full impact of tariffs on corporate earnings," he said. "It may take multiple quarters for that to fully get baked into the numbers, and I'm concerned that we might not be in as good a position as it appears on the surface."

**A look at what's ahead**

When Gene F. Goldman, chief investment officer of Cetera Investment Management in El Segundo, California, talks to his fellow advisors at the firm, he said he is telling them the market cycle is a shift between bull and bear markets, driven by changes in broader market conditions and investor sentiment, while the economic cycle reflects periods of expansion, peak, recession and recovery.

"Currently, we are in a mid-to-late-cycle expansion with slower, range-bound growth," he said. "Volatility is expected to rise, especially with valuations very elevated and slower economic growth and rising inflation concerns leading investors to question near-term earnings strength."

Any near-term stock market pullback, which Goldman said he views as likely, will again prove to be a buying opportunity as tariff negotiations should result in fewer trade barriers, strength in expected 2026 earnings growth and the unprecedented amount of cash on the sidelines waiting for better valuations.

"To navigate this market scenario, I'm telling our advisors to continue to stress the long-term benefits of diversification and, specifically, add additional exposure to those areas of the market left behind in the nearly three-year-long rally in AI and technology stocks and those sectors with attractive valuations may benefit from a shift in leadership," he said.